

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6686**

**BILL NUMBER:** HB 1476

**NOTE PREPARED:** Jan 14, 2011

**BILL AMENDED:**

**SUBJECT:** Medicaid Waiver for Family Planning Services.

**FIRST AUTHOR:** Rep. Brown T

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
☒ **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill requires the Office of Medicaid Policy and Planning (OMPP) to apply for a demonstration waiver to extend Medicaid coverage of family planning services for certain women.

This bill would codify a noncode provision enacted in SB572-2005 that expired January 1, 2011.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** *Summary:* The fiscal impact of the bill would depend on actions taken by the Office of Medicaid Policy and Planning. The bill could have no fiscal impact or, if the waiver is implemented, it could require state funding in excess of \$225,000 in the first year of operation and \$53,000 for the second year of operation. The state could expect to see savings in excess of \$1 M annually in the third year and thereafter.

The fiscal impact of the bill would depend on actions taken by OMPP with respect to the family planning demonstration waiver that was filed with the Centers for Medicare and Medicaid Services (CMS) December 15, 2006. The waiver application is currently listed as "pending" on the CMS web site. If OMPP considers the existing filed application as satisfying the requirements of the bill, there would be no additional expenditures and no associated savings unless the waiver is approved and implemented.

If OMPP updates the existing application or reapplies, the cost of the bill would be associated with resources necessary to update the expenditure and fiscal neutrality data, the staff time needed to file the waiver application, and the cost of implementing the waiver. The cost of implementing the waiver would require state funding in excess of \$225,000 in the first year and \$53,000 for the second year. Savings would be

expected to start to accrue during the third year of the waiver.

**Background Information:** The pending 2006 waiver application requires updating in order to be consistent with the bill. The income level for pregnant women is requested at 150% of the federal poverty level (FPL), while the bill requires the extended targeted coverage period would apply to women with income of 200% of the FPL or lower. Additionally, the current waiver application budget and fiscal neutrality calculations are for the period of 2008 through 2012, which would also need updating. Information from the 2006 Model Waiver Budget Neutrality Worksheet is shown below.

Year	Administrative Cost	Total Net Service Cost/(Savings)	Net State Cost/ (Savings) *
2008	\$ 360,900	\$ 443,609	\$ 224,810
2009	\$ 52,500	\$ 269,493	\$ 53,199
2010	\$ 55,126	\$ (1,451,355)	\$ (465,897)
2011	\$ 57,882	\$ (2,920,807)	\$ (964,133)
2012	\$ 60,776	\$ (3,742,500)	\$ (1,242,062)
5-Year Total	\$ 587,184	\$ (7,401,561)	\$ (2,500,481)
* Excess cost in the first two years represents family planning cost, which has a federal match rate of 90% and administrative cost which is matched with 50% federal dollars. Savings in the third through fifth year are associated with avoidance of pregnancy and fewer infants, cost that would use 34% state dollars to reimburse, so the state would see a larger share of the savings.			

Medicaid is jointly funded by the state and federal governments. The effective state share of program expenditures is approximately 34% for most services. Medicaid medical services are matched by the effective federal match rate (FMAP) in Indiana at approximately 66%. Certain family planning services and supplies are matched with 90% federal funding. Administrative expenditures with certain exceptions are matched at the federal rate of 50%. Federal ARRA enhanced Medicaid stimulus funding will be available to the state until June 30, 2011.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** FSSA, OMPP.

**Local Agencies Affected:**

**Information Sources:** FSSA.

**Fiscal Analyst:** Kathy Norris, 317-234-1360.